

STATE OF ILLINOIS

DEPARTMENT OF INSURANCE



IN THE MATTER OF THE
REVOCATION OF LICENSING
AUTHORITY OF:

JOHN W. SNYDER
5375 MARINERS COVE DR. #105
MADISON, WI 53704

And

SNYDER GENERAL AGENCY, INC.
6000 GISHOLT DR., STE. 106
MADISON, WI 53716-0155

ORDER OF REVOCATION

I, J. Anthony Clark, Director of Insurance of the State of Illinois do hereby revoke the license of John W. Snyder (Licensee) and registration of the Snyder General Agency, Inc. (Business Entity) to take effect 30 days from the date of mailing this Order pursuant to Section 500-70 of the Illinois Insurance Code (215 ILCS 5/500-70).

Based upon an investigation and review of the Licensee by the Producer Section of the Illinois Department of Insurance, the Department alleges that:

- A. The Licensee and Business Entity have improperly withheld \$153,443.10 of premium monies due Commercial Casualty Insurance Company of North Carolina in violation of Section 500-115 of the Illinois Insurance Code (215 ILCS 5/500-115), which is a ground for revocation pursuant to Section 500-70(a)(4) of the Illinois Insurance Code (215 ILCS 5/500-70(a)(4)). By these actions, the Licensee and Business Entity have violated an insurance law and have demonstrated incompetence, untrustworthiness and financial irresponsibility in the conduct of doing business, which are grounds for revocation pursuant to Section 500-70 (a)(2) and (8) of the Illinois Insurance Code (215 ILCS 5/500-70(a)(2) and (8)).

- B. A fiduciary review conducted by the Department revealed for the time period September 3, 2002 through October 30, 2002, the balance in the Premium Fund Trust Account (PFTA) was deficient in respect to those premium monies under examination on 50 separate days during that period of time. The review pertained to premium money not being forwarded to Commercial Casualty Insurance Company of North Carolina (CCICNC).

During the 50 days the Licensee and Business Entity's PFTA was deficient, the deficiency difference ranged from \$1,963.08 to \$29,178.37 with an average deficiency of \$14,133.83.

The Licensee and Business Entity have misappropriated insurance premium monies required to be held in a fiduciary capacity in violation of Section 500-115 of the Illinois Insurance Code (215 ILCS 5/500-115), which is a ground for revocation pursuant to Section 500-70(a)(4) of the Illinois Insurance Code (215 ILCS 5/500-70(a)(4)). By these actions, the Licensee and Business Entity have violated an insurance law and have demonstrated incompetence, untrustworthiness and financial irresponsibility in the conduct of business, which are grounds for revocation pursuant to Section 500-70(a)(2) and (8) of the Illinois Insurance Code (215 ILCS 5/500-70(a)(2) and (8)).

- C. The Licensee and Business Entity entered into a promissory note in the amount of \$191,816.56 and failed to make payment to Commercial Casualty Insurance Company of North Carolina (CCICNC). The Department's investigation revealed the promissory note represented premiums collected and not forwarded to CCICNC by the Licensee and Business Entity. By these actions the Licensee and Business Entity have demonstrated incompetence, untrustworthiness and financial irresponsibility in the conduct of business, which are grounds for revocation pursuant to Section 500-70(a)(8) of the Illinois Insurance Code (215 ILCS 5/500-70(a)(8)).
- D. The following Case Numbers indicate court ordered judgments against the Licensee and Business Entity:
1. Case No. 01-CV-554-C was entered in the U.S. District Court for the Western District of Wisconsin. Judgment for damages in favor of Reliant American Insurance Company was entered in the amount of \$1,016,381.32 for premiums owed by the Licensee and Business Entity pursuant to the General Agency-Company Agreement. A total amount of \$16,000.00 was recovered due to the result of a garnishment against the Licensee and Business Entity.

2. Case No. 01-CV-3561 was entered in the Circuit Court, Dane County, State of Wisconsin. A money judgment in favor of Virginia Surety Company, Inc. indicated total damages of \$105,070.13 to be paid by the Licensee and Business Entity. The Department's investigation revealed the judgment represented insurance premium monies the Licensee and Business Entity collected on various workers' compensation policies and failed to forward to Virginia Surety Company. Virginia Surety Company confirmed this judgment has not been paid.
3. Case No. 95-CV-483 was entered in the Circuit Court Branch 16, Dane County, State of Wisconsin. Judgment was rendered in favor of Home Security of America Insurance Services, Inc. against the Licensee and Business Entity for \$268,128.84 plus interest. The Department's investigation revealed the judgment represented actual and punitive damages in that the Licensee and Business Entity conspired, interfered and obtained confidential customer information databases without the consent of Home Security of America, Inc. and conspired to interfere and did interfere with written insurance contracts between Home Security of America, Inc. and their customers causing many customers to contract with the Licensee and Business Entity rather than renew with Home Security of America, Inc. The Licensee and Business Entity have an outstanding balance due of \$30,000.00-\$50,000.00 to Home Security of America, Inc. and have currently failed to make payments in the last year.

As evidenced by the above court ordered judgments and the failure to pay such judgments in full, the Licensee and Business Entity have demonstrated incompetence, untrustworthiness and financial irresponsibility in the conduct of business, which are grounds for revocation pursuant to Section 500-70(a)(8) of the Illinois Insurance Code (215 ILCS 5/500-70(a)(8)).

- E. On June 3, 2002, the Licensee and Business Entity issued check #6145, in the amount of \$8,564.00, made payable to Premium Assignment Corporation. Additionally, on May 12, 2003, the Licensee and Business Entity issued check #5442, in the amount of \$4,841.00, made payable to American Consumers Insurance Group, Ltd. Both checks represented premium monies and were returned for insufficient funds. By these actions, the Licensee and Business Entity have demonstrated incompetence, untrustworthiness and financial irresponsibility in the conduct of business, which are grounds for revocation pursuant to Section 500-70(a)(8) of the Illinois Insurance Code (215 ILCS 5/500-70(a)(8)).

- F. The Department requested the Licensee and Business Entity provide verification of return premium payments to agents. By failing to submit the requested documentation to the Department, the Licensee and Business Entity have failed to facilitate and aid the Director, which is a violation of Section 500-110(b) of the Illinois Insurance Code (215 ILCS 5/500-110(b)). By these actions, the Licensee and Business Entity have violated an insurance law and have demonstrated incompetence, untrustworthiness and financial irresponsibility in the conduct of business, which are grounds for revocation pursuant to Section 500-70(a)(2) and (8) of the Illinois Insurance Code (215 ILCS 5/500-70(a)(2) and (8)).


- G. The Licensee and Business Entity failed to provide the bond company name and number within three (3) business days upon request to American Consumers Insurance Group, Ltd., in violation of Section 500-130(e) of the Illinois Insurance Code (215 ILCS 5/500-130(e)). Therefore, the Licensee and Business Entity have violated an insurance law and have demonstrated incompetence and untrustworthiness in the conduct of business, which are grounds for revocation pursuant to Section 500-70(a)(2) and (8) of the Illinois Insurance Code (215 ILCS 5/500-70(a)(2) and (8)).

- H. The Licensee and Business Entity have not properly labeled the Premium Fund Trust Accounts pursuant to 50 Ill. Adm. Code 3113.40(b). Therefore, the Licensee and Business Entity have violated a rule of the Director and have demonstrated incompetence, untrustworthiness and financial irresponsibility in the conduct of business, which are grounds for revocation pursuant to Section 500-70(a)(2) and (8) of the Illinois Insurance Code (215 ILCS 5/500-70(a)(2) and (8)).

This Order of Revocation shall take effect 30 days from the date of mailing but shall be stayed if within the 30-day period a written request for hearing is filed with the Director. Any correspondence concerning this Order of Revocation shall be addressed to the Department of Insurance, Producer Section, 320 West Washington Street, Springfield, Illinois 62767-0001.

50 Ill. Adm. Code 2402 governs hearings before the Department of Insurance. Section 408(5)(a) of the Illinois Insurance Code (215 ILCS 5/408) and 50 Ill. Adm. Code 2402.270(d) provide that the costs of a hearing may be assessed against the parties.

IN WITNESS WHEREOF, I have hereunto
subscribed my name and affixed the Official
Seal of the Department of Insurance in the
City of Springfield, State of Illinois, this
18th day of December, A.D., 2003.


J. Anthony Clark, Director

JAC:lc